
MISSOURI HOUSING
TRUST FUND
FINANCIAL STATEMENTS
JUNE 30, 2004



Strength, Dignity, Quality of Life

MISSOURI HOUSING
DEVELOPMENT COMMISSION

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Independent Auditors' Report

The Commissioners Missouri Housing Trust Fund

We have audited the accompanying balance sheet of the Missouri Housing Trust Fund as of June 30, 2004 and 2003, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Missouri Housing Trust Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Missouri Housing Trust Fund at June 30, 2004 and 2003, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 and 3 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Rubin, Brown, Gornstein & Co. LLP

St. Louis, Missouri
August 20, 2004

MISSOURI HOUSING TRUST FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS For The Years Ended June 30, 2004 And 2003

Our discussion and analysis of Missouri Housing Trust Fund's financial performance provides an overview of the Trust Fund's financial activities for the fiscal years ended June 30, 2004 and 2003. Please read it in conjunction with the Trust Fund's financial statements and accompanying notes.

Financial Highlights

- Total assets of \$6.0 million were comparable at June 30, 2004 and June 30, 2003.
- Net assets increased 10.5% as of June 30, 2004.
- Recording fee revenue increased 13.9% to \$6.0 million in fiscal year 2004.
- Grants expense totaled \$5.4 million in 2004, a decrease of 3.7% from 2003.

Overview of the Financial Statements

This annual financial report consists of Management's Discussion and Analysis and the financial statements, including notes to the financial statements. The Trust Fund maintains its financial records on the accrual basis of accounting.

The following table summarizes the Trust Fund's assets, liabilities, and net assets as of June 30, 2004 and 2003.

Condensed Financial Information Assets, Liabilities And Net Assets (In Thousands)

	June 30,	
	2004	2003
Current Assets		
Investments	\$ 4,824	\$ 5,584
Other	872	92
Total Current Assets	5,696	5,676
Noncurrent Assets	352	376
Total Assets	\$ 6,048	\$ 6,052
Liabilities	\$ —	\$ 578
Restricted Net Assets	\$ 6,048	\$ 5,474

MISSOURI HOUSING TRUST FUND

Management's Discussion And Analysis (*Continued*)

Investments

Investments consist of U.S. government and agency fixed rate securities. The Trust Fund's investment policy emphasizes preservation of principal. At June 30, 2004 the Trust Fund had \$4.8 million in investments as compared to \$5.6 million at June 30, 2003.

Net Assets

The Trust Fund's net assets are restricted to use as authorized by section 215.035, RSMo, the Trust Fund enabling legislation.

Operating Activities

The following table summarizes the Trust Fund's revenues, expenses, and changes in net assets for fiscal 2004 and 2003.

Condensed Financial Information		
Revenues, Expenses And Changes In Net Assets (In Thousands)		
	2004	2003
Revenues		
Recording fees	\$ 5,988	\$ 5,259
Interest income	85	261
Total Revenues	6,073	5,520
Expenses		
Grants	5,379	5,585
Administrative expenses	120	105
Total Expenses	5,499	5,690
Increase (Decrease) In Net Assets	\$ 574	\$ (170)

There was an increase of 13.9% in recording fee revenue in 2004 as compared to 2003. The timing of when grant funds are awarded and disbursed resulted in a decrease in grants expense during fiscal year 2004.

Contacting Trust Fund's Financial Management

This financial report is designed to provide stakeholders in the Trust Fund with a general overview of the Trust Fund's finances and to show the Trust Fund's accountability for its resources. If you have questions about this report or need additional financial information, contact Marilyn V. Lappin, Deputy Director/Chief Financial Officer, Missouri Housing Development Commission, 3435 Broadway, Kansas City, Missouri 64111 or visit our website at www.mhdc.com.

MISSOURI HOUSING TRUST FUND

BALANCE SHEET (In Thousands)

	Assets	
	June 30, 2004	2003
Current Assets		
U.S. government and agency securities	\$ 4,824	\$ 5,584
Mortgage loans	24	23
Accrued interest receivable	45	69
Accounts receivable	803	—
Total Current Assets	5,696	5,676
Noncurrent Assets		
Mortgage loans	352	376
Total Assets	\$ 6,048	\$ 6,052
Liabilities And Net Assets		
Liabilities		
Accounts payable	\$ —	\$ 578
Net Assets		
Restricted	6,048	5,474
Total Liabilities And Net Assets	\$ 6,048	\$ 6,052

MISSOURI HOUSING TRUST FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (In Thousands)

	For The Years Ended June 30,	
	2004	2003
Operating Revenues		
Recording fees	\$ 5,988	\$ 5,259
Interest income	85	261
Total Operating Revenues	6,073	5,520
Operating Expenses		
Trust Fund grants	5,379	5,585
Administrative expenses	120	105
Total Operating Expenses	5,499	5,690
Change In Net Assets	574	(170)
Net Assets - Beginning Of Year	5,474	5,644
Net Assets - End Of Year	\$ 6,048	\$ 5,474

MISSOURI HOUSING TRUST FUND

STATEMENT OF CASH FLOWS (In Thousands)

	For The Years Ended June 30,	
	2004	2003
Cash Flows From Operating Activities		
Interest income on mortgage loans	\$ 4	\$ 4
Principal repayments on mortgage loans	24	23
Recording fee revenue	5,988	5,259
Operating expenses	(6,880)	(4,889)
Net Cash Provided By (Used In) Operating Activities	(864)	397
Cash Flows From Investing Activities		
Proceeds from sale of investments	6,001	4,309
Purchase of investments	(5,415)	(5,153)
Income received on investments	278	447
Net Cash Provided By (Used In) Investing Activities	864	(397)
Change In Cash And Cash Equivalents	—	—
Cash And Cash Equivalents - Beginning Of Year	—	—
Cash And Cash Equivalents - End Of Year	\$ —	\$ —
Reconciliation Of Net Income (Loss) To Net Cash Provided By (Used In) Operating Activities:		
Net income (loss)	\$ 574	\$ (170)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Income - mortgage investments	(4)	(4)
Income - investments	(254)	(431)
Repayment of principal on mortgage loans	24	23
Interest received on mortgage investments	4	4
Change in fair value of investments	173	174
Change in assets and liabilities:		
Accounts receivable - other	(803)	223
Accounts payable	(578)	578
Net Cash Provided By (Used In) Operating Activities	\$ (864)	\$ 397

MISSOURI HOUSING TRUST FUND

NOTES TO FINANCIAL STATEMENTS

June 30, 2004 And 2003

1. Summary Of Significant Accounting Policies

The Missouri Housing Trust Fund (the Trust Fund) is authorized by section 215.035, RSMo to financially assist, by loans or grants, the development of housing stock and to provide housing assistance to persons and families with incomes at or below specified levels.

The following is a summary of the more significant accounting policies of the Trust Fund.

Basis Of Accounting

The Trust Fund maintains its financial records on the accrual basis of accounting. Pursuant to the requirements of the Governmental Accounting Standards Board, the Trust Fund's financial activities are included in the financial statements of the Missouri Housing Development Commission (the Commission).

The Trust Fund's financial statements have been prepared on the basis of the Governmental Proprietary Fund concept as set forth in Statement 1 of the Governmental Accounting Standards Board (GASB). The Governmental Proprietary Fund concept is utilized when financial activities are operated similarly to private business enterprises and financed through fees and charges.

The Trust Fund has elected not to apply the pronouncements of the Financial Accounting Standards Board issued after November 30, 1989 as prescribed by GASB Statement No. 20.

Investments

Investments include U.S. government and agency securities and are reported at fair value as determined by the investment custodians utilizing prices quoted by securities dealers or brokers, investment bankers or statistical services on the valuation date.

At June 30, 2004 and 2003, these securities are unregistered investments for which the securities are held by the counterparty financial institution in the name of the Commission.

MISSOURI HOUSING TRUST FUND

Notes To Financial Statements (*Continued*)

2. Revenue From The State Of Missouri

In accordance with section 215.035, RSMo, the State of Missouri distributes to the Trust Fund a \$3 recording fee collected by the Missouri State Recorder's Office for each real estate related document filing.

3. Administrative Expenses

The Trust Fund reimburses the Commission for administrative costs not to exceed 2% of Trust Fund revenues.

4. Commitments

At June 30, 2004, the Trust Fund has outstanding program commitments of approximately \$4,800,000. These commitments represent Trust Fund grants that were approved prior to June 30, 2004 for which disbursement will be made in the subsequent fiscal year.